

GAO

Office of Publishing and
Communications



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Typeset Documents: WordPerfect and Design Instructions

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FOREWORD

The Office of Publishing and Communications (OPC) provides typesetting services for GAO audit reports and other publications. OPC uses an increasingly automated process that accepts documents prepared in WordPerfect 4.2 as input and produces high-quality typeset publications in GAO's prescribed format. This process facilitates high-volume production and makes it possible to offer typesetting's many benefits to most GAO publications.

This publication contains updated instructions for preparing documents for the typesetting process. Documents must be prepared in the proper format to support automated typesetting, or OPC will require that necessary changes be made before processing them. Chapters 1-4 of this publication contain instructions for document preparation, which should be followed by anyone who works on a document that is to be typeset. Chapter 5 contains sample pages that compare WordPerfect copy and typeset copy.

The instructions and samples focus on audit reports, but apply as well to non-audit documents, including material typeset for the Office of the General Counsel, the Office of Organizational Development, the Personnel Appeals Board, and the Intergovernmental Audit Forum.

Please call 275-1584 for additional information or assistance.



Larry E. Rolufs, Director
Office of Publishing and Communications

TABLE OF CONTENTS

| | |
|---|----|
| Chapter 1 | |
| GENERAL INSTRUCTIONS | 3 |
| Setting the Defaults | 3 |
| Organizing the Disk | 4 |
| Listing Abbreviations | 4 |
| Typing the Text Correctly | 4 |
| Using the Speller Validator | 8 |
| Preparing the Report Typesetting Package | 9 |
| | |
| Chapter 2 | |
| DOCUMENT SECTIONS | 11 |
| Generating the Cover | 11 |
| Typing Section Titles | 11 |
| Typing the Basic Transmittal Letter | 11 |
| Typing the Executive Summary | 12 |
| Generating the Table of Contents | 12 |
| Numbering Chapters | 12 |
| Typing the Appendix | 13 |
| Typing Optional Report Sections | 15 |
| | |
| Chapter 3 | |
| TABLES | 17 |
| Designing Tables | 17 |
| Numbering and Titling | 17 |
| Placing Tables in the Text | 18 |
| Setting Margins | 18 |
| Hyphenating Words | 19 |
| Setting and Typing Columns | 19 |
| Typing Column Headings | 19 |
| Typing the Stub Column | 19 |
| Typing Table Notes | 20 |
| Underlining and Bolding | 20 |
| | |
| Chapter 4 | |
| VISUALS OR ARTWORK | 21 |
| Determining if Material is a Visual | 21 |
| Numbering and Titling a Visual | 22 |
| Typing Notes for Figures | 22 |
| Placing Figures in the Text | 23 |
| | |
| Chapter 5 | |
| COMPARISON OF WP AND TYPESET COPY | 25 |
| Estimating the Length of an Executive Summary | 25 |
| The Comment Appendix - Example | 27 |
| Optional Report Sections - Examples | 37 |

Chapter 1

GENERAL INSTRUCTIONS

The following instructions explain how to prepare a document produced on WordPerfect (WP) for typesetting.

Please note that the typed copy of the WP-produced version of a GAO report does not look like the typeset version. The design of the typeset version is produced by the codes inserted in the report disk by staff in the Automated Services Branch (ASB) of the Office of Publishing and Communications (OPC). However, the WP copy should be consistent with GAO's editorial policies as set forth in GAO's Editorial Style Manual and Report/Communications Manual, and following them should produce a disk that is acceptable for typesetting purposes.

For further guidance or to make suggestions on improving these instructions, please call OPC's Automated Services Branch between 8 a.m. and 4:30 p.m. at (202) 275-1584.

Setting the Defaults

Set the following defaults before typing the report.

- o Set margins as necessary for text and tables. However, do not set the left margin at zero.
- o Turn hyphenation off.
- o Set spacing at 1. (If extra spacing was required for proofing and editing purposes, reset spacing to 1 after printing.)
- o Turn right justification off.

Note: Widow/Orphan Control may be used during report preparation.

Organizing the Disk

- o Include the whole report and nothing but the sections of the report that are to be typeset on the disk. Be sure to remove all files that are not to be typeset, such as preliminary correspondence and backup files. (The Automated Services Branch must have one version only of each section of a report.)
- o Keep each section (e.g., letter, chapter, or appendix) of the report in a separate file.
- o Give each file a short descriptive name (e.g., "LTR" for the transmittal letter, "ES" for the Executive Summary, and "CH1" for chapter 1).

Listing Abbreviations

- o Provide an alphabetical list of all abbreviations and acronyms on the disk and on hard copy. Editors should notify the Automated Services Branch on the Request for Composition Services form (GAO Form 140) if there are no abbreviations or acronyms in the report.

Note: Abbreviations and acronyms in the smaller sized documents are set in normal typesize. Therefore, they should be listed separately only when the document has a table of contents.

Typing the Text Correctly

- o Use the automatic wrap feature; do not force line breaks in the middle of paragraphs.
- o The entire report may be typed flush left, except for third-level headings. (See p. 6 for correct typing of headings.) However, if you indent new paragraphs, you will ensure correct paragraphing in the typeset text.
- o Do not use more WP codes than necessary to provide the desired format because excessive or redundant codes interfere with telecommunicating a report. (For example, when underlining a heading, do not turn the underlining on and off more than once.)

To Indicate Emphasis

- o Use underlining to emphasize ideas in the text.

To Separate the Elements of a Report

- o Separate the elements of a report from each other and from the text with two hard carriage returns. These elements include
 - titles for a chapter, an appendix, a figure, or a table;
 - headings (such as those within a chapter);
 - paragraphs;
 - bullets;
 - tables;
 - table notes;
 - figure notes and sources; and
 - ends of report sections.

Note: Any element on the disk that is not separated from another element by two hard carriage returns is automatically joined to that element during typesetting. (For example, a series of notes following a table will wrap into one paragraph unless they are separated from each other by two hard carriage returns.)

Two hard carriage returns are needed even when the "Hard Page" feature is used because the Automated Services Branch removes this code from the disk before transmitting the report to the typesetter.

To Type Numbers

- o Do not type the letter "1" for the number "one" or the letter "o" for "zero."

General Instructions

To Type Headers/Footers

- o Use automatic features at the beginning of a file to type headers, footers, and page numbers. Do not type any of this information within a text file.

To Type Headings

- o Text headings may be broken by a single hard return or allowed to wrap.
- o Differentiate levels of headings by using the following commands:

Head 1: Use ALL CAPS, align flush left, and underline.

Head 2: Use Initial Caps, align flush left, and underline.

Head 3: Use Initial Caps, indent, and underline.

Note: Underlining in headings is removed in a typeset document.

To Capitalize

- o Use all capital letters in the following instances only:
 - o section titles (e.g., chapters or appendixes),
 - o acronyms, or
 - o head ls.
- o Do not type any words in a table in all caps (except acronyms).

To Type Initial Caps

- o Capitalize the first letter of all words of four letters or more, including prepositions.
- o Do not capitalize the first letter of the following words unless they begin a heading, a footer, a title, a source, or a sentence:

| | |
|-----|-----|
| a | for |
| an | in |
| and | of |
| as | on |
| at | or |
| but | the |
| by | to |

To Type Footnotes

- o Number text footnotes with Arabic numerals.
- o Use the normal WP footnote option (**Ctrl/F7**) to create footnotes, not the Super/Subscript (F1) key. (For notes to tables, see section on tables, p. 20.)
- o If 11 or more footnotes are used, begin the first footnote in each section of the report with a number "1." If text footnotes number 10 or fewer for an entire report, they may be numbered sequentially from beginning to end of the report, or may begin with the number "1" in each section.
- o To type super- and subscripted numbers and letters in equations, footnotes, and table notes, select options 1 (Superscript) or 2 (Subscript) of the F1 key. Do not select 4 (Advance Up) or 5 (Advance Down); letters and numbers typed with options 4 or 5 will not be read by ASB's automatic coding program.

To Type Figure Notes and Sources

Type directly below space where the figure is to be inserted in the report. Be sure to type the notes for the instant charts as well so that this material may be typeset.

To Type Bulleted Items

- o Type two dashes (use the key to the right of the zero), leave a space, and enter text.
- o Text may be blocked, but this format is not necessary for typesetting purposes.
- o Separate the bullets from each other and from surrounding text by two hard carriage returns.

To Underline

- o Use underlining to indicate the name of a publication, a vessel, an airplane, or a spacecraft.
- o Underlining may also be used for emphasis.

Using the Speller Validator

- o Run the spelling validator before printing a hard copy and duplicating the disk(s) for the Automated Services Branch.

Preparing the Report Typesetting Package

The list below also pertains to documents that are not audit reports.

- o Duplicate the disk(s).
- o Print the index of the files.
- o Label disk(s) with the report title and number.
- o Number the disk(s).
- o Include the following in the report package:
 - o Request for Report Processing Services form (GAO Form 116)
 - o Request for Composition Services form (GAO Form 140)
 - o Printing Release Form (GAO Form 47, the pink card)
 - o One copy of the report disk(s) with hard copy of index(es)
 - o Two hard copies of the report
 - o Separate disk containing the instant charts with a hard copy of the file index
 - o Original letter of request, comment letters, artwork, and photos
 - o Alphabetical list of abbreviations and acronyms on hard copy and on the disk (Please indicate if the report has no abbreviations or acronyms.)
 - o A signed memorandum requesting priority services (if applicable)
 - o Original signature in black ink of person signing report, if other than usual signer (e.g., heads of divisions and offices)

DOCUMENT SECTIONS

The following information applies to specific sections (chapters, appendixes, etc.) of a report.

Generating the Cover

- o The typesetter generates the cover from coded material prepared by ASB. Therefore, do not include it on the disk.

Typing Section Titles

- o Type titles for report sections in ALL CAPS.
- o Underlining is optional.
- o Titles may be centered or typed flush left and allowed to wrap.

Typing the Basic Transmittal Letter

- o For prepublished reports, type the date of the letter on the hard copy and disk.

Note: The addressee and signature blocks will be typeset to duplicate the line breaks and indentation of the WP copy.

- o Do not use tables, figures, or footnotes in the transmittal letter of a chapter report and generally limit this letter to one page.
- o The basic letter in a letter report may contain tables, figures, and footnotes and may not exceed 10 pages.

Typing the Executive Summary

- o The executive summary may be typed the same as the rest of the report (i.e., flush left). However, if a format resembling the typeset version is submitted to ASB, ensure that the headings are typed on lines above the text and that headings are separated from the text by two hard carriage returns.
- o Footnotes, while not prohibited, are better included in the main body of the report.
- o Tables and figures may appear in the executive summary.
- o The length of the executive summary may not exceed four pages when typeset. (See p. 25 for guidance on how to estimate the typeset length.)

Generating the Table of Contents

Because the table of contents in a typeset document is generated by the typesetter, ASB does not require a particular format for the WP version submitted for typesetting.

If a document does not have a table of contents, the list of abbreviations is still required for the 8 1/2 X 11 size format. For the smaller size formats, this list is required only if the document has a table of contents.

Numbering Chapters

- o Use Arabic numerals to number chapters.



Typing the Appendix

- o Use Roman numerals to number appendixes.

Note: If a report has only one appendix, the use of the Roman numeral I after the word "Appendix" is optional.

- o Type the title of the appendix on the first page only of the appendix.
- o Use the "Header/Footer" feature to type the word "APPENDIX" and its number at the top of each appendix page.

Note: GAO practice on non-typeset copy is to type the word "APPENDIX" both flush left and flush right at the top of each page.

Appendixes may contain three types of data: the request letter and comments, visuals, and GAO text and tables produced on WP. (See pp. 17 through 23 for guidance on tables and visuals.)

- o Submit the originals of the request letter and comments. Ensure that they are clean and suitable for reduction to 75 percent of the original size. (They will be reduced by ASB artists to fit into a box on a 2/3-page area.)
- o Title the appendix for the request letter as "REQUEST LETTER."
- o Begin the title for a comments appendix with "COMMENTS FROM ..." followed by the source (usually an agency) in all caps.
- o Open the same number of pages in the WP file as the number of comment pages to accommodate their insertion as flysheets in the typeset copy.

To Type Margin Notes to Comments

Margin notes for audit reports consist of GAO comments and new page numbers. (Examples of the WP-produced copy and the corresponding typeset copy begin on p. 27.)

- o Type these notes in the left margin of the blank page(s).
- o Type them in the order in which they appear.
- o Begin each note on a separate line.
- o Separate the notes from each other with at least two carriage returns.
- o For GAO comments, type the following words on the first blank page of the appendix flush left below the appendix title: "Note: GAO comments supplementing those in the report text appear at the end of this appendix."
- o Then type "See comment ..." followed by an Arabic numeral.
- o For new page numbers, type the words "Now on p. x." or "Now on pp. x-x."
- o Do not change the page number reference until the proofs are received since page numbers will change when the document is typeset.

Note: ASB artists will paste up margin notes on the repros in accordance with the editor's marked-up proofs.

To Type GAO's Response to Comments

Open a new page with the words "The following are GAO's comments on the ..." followed by the name of the source and the date of the comment letter. Insert two hard carriage returns and type "GAO COMMENTS." Insert two hard returns before typing the GAO comments.

Typing Optional Report Sections

- o Open a separate WP file for each section.
- o If a report contains the following sections, include them after the appendix(es) and in this order:

MAJOR CONTRIBUTORS TO THIS REPORT (last appendix)
GLOSSARY
BIBLIOGRAPHY
RELATED GAO PRODUCTS

(Examples of the WP-produced copy and the corresponding typeset copy of these optional report sections begin on p. 37.)

- o Do not set up any of these sections as tables. Type them as text, flush left.
- o Titles may be centered or typed flush left and allowed to wrap.

To Type "Major Contributors to This Report"

- o Number and designate this section as the last appendix.
- o Type the name of the division or office as a head 1.
- o Insert two carriage returns.
- o List the contributors' names.
- o Insert two carriage returns before listing another division or office.

To Type a Glossary

- o Do not number or designate as an appendix.
- o Type each term as a head 2 (initial caps, flush left, underlined).
- o Insert two carriage returns.
- o Type the definition.
- o Insert two carriage returns before typing the next term.

To Type a Bibliography

- o Do not number or designate as an appendix.
- o Type each entry as a separate paragraph.
- o Insert two hard carriage returns between entries.
- o Divide categories by headings, if appropriate.

To Type "Related GAO Products"

- o Do not number or designate as an appendix.
- o Limit the list to one page.
- o Do not divide the list with headings.
- o Type each entry as a separate paragraph.
- o Insert two hard carriage returns between entries.

TABLES

Designing Tables

- o Whenever possible, design a table so that it is longer than it is wide for reasons of economy and ease in reading. A table that requires a two-page spread costs 20 times more to typeset than the same table if printed in two running pages because the typesetter requires extra time to arrange it. Tabular information presented vertically is usually more easily read and understood than the same information presented horizontally.

Numbering and Titling

- o Use Arabic numerals for tables in the letter of a letter report, the executive summary, and chapters.
- o Use a combination of Roman and Arabic numerals to number tables in appendixes. (See below.)
- o After the number, type a colon, insert two spaces, and then type the table's title. Underlining is optional. (In the typeset version, the underlining is removed and the number and title are set flush left.)
- o Titles may be centered or typed flush left and allowed to wrap.

Examples:

Second table in the letter of a letter report or in the executive summary:

Table 2: Federal Programs

First table in chapter 1:

Table 1.1: State Programs

First table in chapter 2:

Table 2.1: County Programs

Tables

First table in appendix IV:

Table IV.1: City Programs

Second table in appendix II:

Table II.2: EPA Programs

- o If an appendix consists of one table only and no text, the title of the appendix is the table title. In this case, do not title or number the table.

Placing Tables in the Text

- o Type tables in the text file between paragraphs. An exception is made for tables typed with the "Column On/Off" feature. Type these tables in a separate file, and give the file a short, descriptive name, such as "TABII.3."

Note: Type text tables only with the "Column On/Off" feature, as tables typed with this WP option require additional time to prepare for typesetting and will delay processing of the report.

- o Separate the table from surrounding text by two hard carriage returns.

Note: The "Block Protect" feature may be used to keep tables together when printing.

Setting Margins

- o Set margins to accommodate the width of the table, but do not set the left margin at zero.
- o Reset margins to text width at the end of the table.

Hyphenating Words

- o Do not use hyphenation in any part of a table, even column headings, except in those words that always have a hyphen.

Setting and Typing Columns

- o Set tabs once only to set up the columns. (Never use more codes than necessary to set up a format.)
- o Do not use the "Column On/Off" feature except for text tables.
- o Leave at least three spaces between the columns to ensure that information from one column does not spill into another.
- o Place a hard carriage return at the end of every line.
- o Single and double dashes may be used.
- o Indentation may be used.

Typing Column Headings

- o Phrase concisely to avoid a top-heavy look to the table.
- o Use sentence-style capitalization (i.e., type in lowercase except for the first letter of the first word, the first letter of proper nouns, and acronyms).

Typing the Stub Column

The stub is the furthestmost-left column in each table.

- o Use sentence style capitalization for typing entries. Do not type in all caps.

Tables

Typing Table Notes

- o Type directly on the page at the end of the table.
If the table runs more than one page, type all notes at the end of the table on its last page.
- o Use lowercase letters for reference notes to specific table entries.
- o Use **Fl,1** to type superscripted letters. Do not use the "Advance Up/Down" feature (Fl,4).
- o Notes that apply to the entire table are not numbered or lettered.
- o Separate notes from each other, the table, and the text that follows with two hard carriage returns.

Underlining and Bolding

- o Use underlining to indicate the name of a publication, a vessel, an airplane, or a spacecraft.
- o Underlining and bolding may be used in tables for emphasis. However, the use of bolding and underlining in a typeset document is determined by the standards for typesetting.

Note: Totals will normally be boldfaced automatically. You need do nothing.

VISUALS OR ARTWORK

Because visual material is an integral element of GAO's report design, all visuals used in reports must be of the highest quality possible.

Determining if Material is a Visual

A visual is anything in the report that has not been created by GAO on WP and will therefore be pasted up in the report after it is typeset.

Visuals may be

- o photographs;
- o illustrations (e.g., maps or drawings);
- o charts and graphs (e.g., organizational, flow, pie, bar, or line charts); or
- o anything that will be reproduced in the report "as is" (e.g., comments, the request letter, or any material, such as tables that are being reprinted from a non-GAO source).

Tabular material is not considered a visual if GAO produced it on WP; such material is considered part of the typed manuscript and will be typeset with the rest of the report.

Numbering and Titling a Visual

- o Refer to and label all visuals as figures (except the request letter and comments).
- o Number all figures throughout a report section consecutively. Type a colon after the number, then two spaces, then the title.
- o Use one Arabic numeral to number a figure in the letter of a letter report or an executive summary.

Figure 1: Federal Programs in Urban Areas

- o Use two Arabic numerals separated by a period to number figures in chapters. The first figure in chapter 1 would be numbered as follows:

Figure 1.1: Federal Programs in Rural Areas

- o Use a Roman numeral followed by an Arabic numeral to number figures in an appendix. The second figure in appendix II would be numbered as follows:

Figure II.2: Federal Programs in Wilderness Areas

- o If an appendix consists of one figure only and no text, the title of the appendix is the figure title. In this case, do not title or number the figure.

Typing Notes for Figures

- o Be sure to type notes, captions, credits, and sources for all visuals, including instant charts, in the appropriate file on the report disk(s) so that this information may be typeset.

Note: Do not give the source for GAO-produced visuals.

Visuals

Placing Figures in the Text

- o Insert figures between paragraphs.
- o At the end of the paragraph that precedes a figure, insert two hard carriage returns.
- o Type the figure number and title followed by two hard carriage returns.
- o Insert space to accommodate the figure.
- o Beneath the space, type any caption, note, credit, or source.
- o Insert two hard carriage returns before continuing with text typing to prevent the text from wrapping back to any previous material when staff in ASB remove the hard page code.

COMPARISON OF WORDPERFECT AND TYPESET COPY

Estimating the Length of an Executive Summary

The following method has been tested on a limited number of products. Please contact the Automated Services Branch (202-275-1584) with any testing results so that we may refine this method to more accurately estimate the length of typeset pages.

To estimate the amount of space the typeset version of an executive summary will need, set the WP page to approximate the space in the typeset page as follows:

- o Create a duplicate file of the executive summary.
- o Set margins to permit 73 characters per line (e.g., at 10 and 82).
- o Set lines of text at 45 per page.
- o Set pitch at 10 or 12.
- o Double space between paragraphs, headings, bullets, and between a heading and its following text.
- o Separate bullets and quoted material from text with two carriage returns.
- o Type headings, text, bullets, footnotes, and quoted material flush left, and use the full 73-character line (i.e., type everything straight across the page and do not use indent codes).
- o Begin line one of the first page with the head 1, PURPOSE.
- o Type footnotes with the regular footnote option (Ctrl/F7) and set margins and pitch as in the text.

Comparison of WordPerfect and Typeset Copy

o Remove all of the following:

- headers,
- footers,
- page numbers,
- widow/orphan control,
- block protect,
- lines (graphics), and
- forced line and page breaks.

Note: Typing four WP pages with these parameters will permit a total of 179 lines for text, headings, and any footnotes. Do not use the last line of page four because estimates based on this method can run one line more than a typeset version can contain.

- o For tables or figures, deduct the appropriate number of lines from the 179-line total to compensate for the required space. (Editors may contact an artist in the Automated Services Branch for estimates on space requirements for tables or figures.)
- o After final edits have been made to the text and the estimated length is 179 lines or less, use WP's automatic features to number the pages and to type the headers and footers.

Note: The executive summary may be submitted for typesetting in this format or it may be reformatted. However, report processing is expedited by using the flush left format, since ASB staff will have fewer operations to perform to prepare the text.

The Comment Appendix - Example

Comparison of WordPerfect and Typeset Copy

APPENDIX IV

APPENDIX IV

COMMENTS FROM THE DEPARTMENT OF
HEALTH AND HUMAN SERVICES

Note: GAO comments
supplementing those
in the report text
appear at the end
of this appendix.

WordPerfect Page

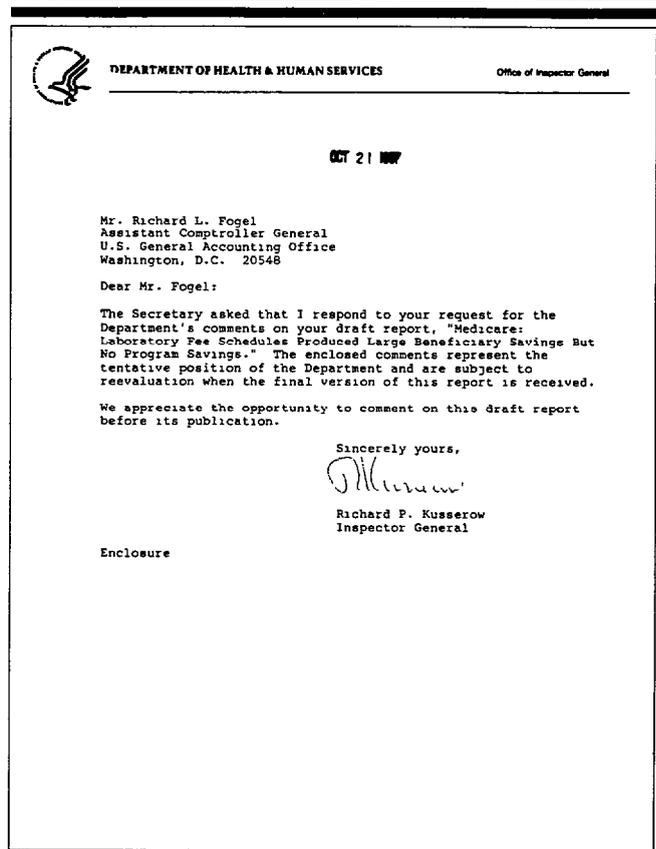
Page 28

GAO/OPC-89-2 Typeset Documents

Appendix IV

Comments From the Department of Health and Human Services

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



Typeset Page

Comparison of WordPerfect and Typeset Copy

APPENDIX IV

APPENDIX IV

See comment 1.

See comment 2.

See comment 3.

Now on p. 5.

Now on p. 6.

WordPerfect Page

Comparison of WordPerfect and Typeset Copy

Appendix IV
Comments From the Department of Health
and Human Services

See comment 1

See comment 2.

See comment 3
Now on p 13

Now on p 14

Comments of the Department of Health and Human Services
on the General Accounting Office Draft Report,
"Laboratory Fee Schedules Produced Large
Beneficiary Savings But No Program Savings"

To assess the appropriateness of the Medicare fee schedule payment system, GAO looked at its effects on payments, beneficiary access to laboratory services and quality of services. According to GAO, the fee schedules saved beneficiaries substantial amounts of money, increased Medicare costs somewhat, did not affect beneficiary access to laboratory services, and had no material effect on quality. As a result, GAO concludes that the fee schedule payment system met its objectives, except for saving Medicare money. Accordingly, GAO recommends that the Congress enact legislation to provide the Health Care Financing Administration (HCFA) more latitude in setting national fee schedule rates so that Medicare costs will not increase.

We are in agreement with GAO's recommendation that the Congress amend section 1833(h) of the Social Security Act to relieve HCFA of the requirement to use prevailing charges as the basis for the national fee schedule. In addition, we offer the following technical comments.

We agree with GAO's conclusion that the fee schedule payment system did not meet one of its objectives, i.e., saving Medicare money. We differ, however, with the GAO finding that Medicare costs increased only by a small degree. A study conducted in 1986 by HCFA indicated a substantially increased Federal pay-out under fee schedules.

As a result of discussions between HCFA and GAO, we believe the GAO figures of added Federal payments should have been considerably higher for the following reasons. First, in analyzing the data received from carriers, GAO combined certain procedures under various procedure codes, often resulting in lower fee schedule reimbursement amounts. Second, GAO adjusted the base reasonable charge payments for inflation, when they should not have been inflated, to calculate the real dollar payment difference. Finally, regarding the type of data used in establishing reasonable charge system payments, GAO used 80 percent of the carrier-supplied allowable charges as the base figure. Conversely, HCFA used actual paid data supplied by carriers, which often proved to be considerably less than 80 percent of the allowable charges. This further minimized the increases in converting to the fee schedule.

The Deficit Reduction Act of 1984 (DEFRA) requirement that appears at the top of page 5 (that independent laboratories are required to accept Medicare assignment on all clinical diagnostic service claims) is not technically accurate. Rather, DEFRA required that payment for clinical diagnostic laboratory tests performed by a laboratory which is independent of a physician's office may only be made on the basis of assignment. DEFRA did not require independent laboratories to accept assignment. This is also true of the Consolidated Omnibus Budget Reconciliation Act of 1985 provision, described on page 6, regarding physician acceptance of assignment. Since unassigned claims for clinical laboratory services are not covered, overall beneficiary savings from coinsurance on assigned claims is reduced to the extent physicians and laboratories do not accept assignment.

Typeset Page

Comparison of WordPerfect and Typeset Copy

APPENDIX IV

APPENDIX IV

See comment 4.

Now on p. 26.

WordPerfect Page

Comparison of WordPerfect and Typeset Copy

Appendix IV
Comments From the Department of Health
and Human Services

Page 2

See comment 4.
Now on p 29

In addition, we believe that the discussion concerning the decline in provider revenues on page 26 should mention the fact that the amounts charged the program by physicians in past periods often reflected the physicians' markup and were not the actual charges of the independent laboratory. In Florida and Pennsylvania, the low allowances prior to the fee schedule were in large measure based on the charge submitted by the laboratory to the physician. As a result of the direct billing requirement, revenues have probably increased for tests now billed by many independent laboratories. Also, mention should be made that beneficiaries were not always charged for coinsurance prior to implementation of this provision; rather, the physician or laboratory would accept the Medicare-allowed amount as payment in full. This would further mitigate the seemingly significant loss of revenue that occurred after implementation.

Page 02

GAO/HRD-88-32 Laboratory Fee Schedules

Typeset Page

Page 33

GAO/OPC-89-2 Typeset Documents

Comparison of WordPerfect and Typeset Copy

APPENDIX IV

APPENDIX IV

The following are GAO's comments on the Department of Health and Human Services' letter dated October 21, 1987.

GAO COMMENTS

1. After sending the draft report to HHS for comments, we performed additional legal analysis of the changes made by OBRA to the laboratory fee schedule legislation. Based on this analysis, we believe that HCFA is not required to use prevailing charges to compute a national fee schedule. Therefore, we are no longer recommending that the legislation be amended to remove the original DEFRA requirement. The reasons for our opinion that OBRA already removed that requirement are discussed below.

OBRA amended section 1833(h) of the Social Security Act, which had been added by DEFRA, with respect to a national fee schedule, in three ways:

- the date for establishing a national fee schedule was advanced to January 1, 1990;
- reference to the national fee schedule was deleted from the provision setting forth a methodology for computing fee schedules (section 1833(h)(2)); and
- the Secretary of HHS was required to report to Congress, by April 1, 1988, on the advisability and feasibility of, and the methodology for, establishing national fee schedules.

Therefore, it is our view that no particular methodology for computing the 1990 national fee schedule is set forth or required by current legislation. HCFA believes that it must use the "prevailing rates" methodology of section 1833(h)(2) in establishing a national fee schedule, notwithstanding the OBRA changes.

2. HHS said that a study conducted by HCFA in 1986 showed the fee schedule payment system cost the program a substantial sum. HHS offered three reasons for the difference between HCFA's estimate of increased costs and our estimate--namely, that we (1) combined some procedures under various procedure codes; (2) adjusted the base reasonable charge payments for inflation, when they should not have been inflated; and (3) used 80 percent of the carrier-supplied reasonable charge data as the base figure.

We believe that our estimate is more accurate than HCFA's and that we appropriately handled the three factors HHS raised. First, we did not combine laboratory procedures. During the time

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Appendix IV
Comments From the Department of Health
and Human Services

The following are GAO's comments on the Department of Health and Human Services' letter dated October 21, 1987.

GAO Comments

1. After sending the draft report to HHS for comments, we performed additional legal analysis of the changes made by OBRA to the laboratory fee schedule legislation. Based on this analysis, we believe that HCFA is not required to use prevailing charges to compute a national fee schedule. Therefore, we are no longer recommending that the legislation be amended to remove the original DEFRA requirement. The reasons for our opinion that OBRA already removed that requirement are discussed below.

OBRA amended section 1833(h) of the Social Security Act, which had been added by DEFRA, with respect to a national fee schedule, in three ways:

- the date for establishing a national fee schedule was advanced to January 1, 1990;
- reference to the national fee schedule was deleted from the provision setting forth a methodology for computing fee schedules (section 1833(h)(2)); and
- the Secretary of HHS was required to report to the Congress, by April 1, 1988, on the advisability and feasibility of, and the methodology for, establishing national fee schedules.

Therefore, it is our view that no particular methodology for computing the 1990 national fee schedule is set forth or required by current legislation. HCFA believes that it must use the "prevailing rates" methodology of section 1833(h)(2) in establishing a national fee schedule, notwithstanding the OBRA changes.

2. HHS said that a study conducted by HCFA in 1986 showed the fee schedule payment system cost the program a substantial sum. HHS offered three reasons for the difference between HCFA's estimate of increased costs and our estimate—namely, that we (1) combined some procedures under various procedure codes; (2) adjusted the base reasonable charge payments for inflation, when they should not have been inflated; and (3) used 80 percent of the carrier-supplied reasonable charge data as the base figure.

We believe that our estimate is more accurate than HCFA's and that we appropriately handled the three factors HHS raised. First, we did not

Page 63

GAO/HRD-88-32 Laboratory Fee Schedules

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Optional Report Sections - Examples

Major Contributors to This Report (last appendix)

Glossary

Bibliography

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APPENDIX II

APPENDIX II

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31

WordPerfect Page

Page 38

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GLOSSARY

Aggregate

The sand, gravel, and pebbles added to cement in making concrete.

Aggregate Interlock

The rock particles of varying sizes in asphalt mix provide a mixed distribution of large and small particles that "interlock" rather than moving around in the asphalt mix.

Arterial

A highway that moves large numbers of vehicles quickly from one place to another. Arterials are characterized by long-distance travel, high volumes, and higher speeds than other roads.

Asphalt

A brown or black tarlike substance (a variety of bitumen found in a natural state or obtained by evaporating petroleum) mixed with sand or gravel and used for paving.

Base Course

In pavement structure, the layer or layers of material placed on a subgrade or subbase to support a surface course. See also Pavement Structure.

Cement

A powdered substance made of burned lime and clay and mixed with water, sand, and gravel to make concrete.

Cohesion

The basic ability of asphalt mix to hold asphalt pavement together.

Collector

A route that gathers vehicles from local roads and funnels them into arterials.

Concrete

Sand and gravel bonded together with cement into a hard, compact substance that hardens like stone and is used in making road and bridge surfaces.



Glossary

| | |
|---------------------------|---|
| Aggregate | The sand, gravel, and pebbles added to cement in making concrete. |
| Aggregate Interlock | The rock particles of varying sizes in asphalt mix provide a mixed distribution of large and small particles that "interlock" rather than moving around in the asphalt mix. |
| Arterial | A highway that moves large numbers of vehicles quickly from one place to another. Arterials are characterized by long-distance travel, high volumes, and higher speeds than other roads. |
| Asphalt | A brown or black tarlike substance (a variety of bitumen found in a natural state or obtained by evaporating petroleum) mixed with sand or gravel and used for paving. |
| Base Course | In pavement structure, the layer or layers of material placed on a subgrade or subbase to support a surface course. See also <u>Pavement Structure</u> . |
| Cement | A powdered substance made of burned lime and clay and mixed with water, sand, and gravel to make concrete. |
| Cohesion | The basic ability of asphalt mix to hold asphalt pavement together. |
| Collector | A route that gathers vehicles from local roads and funnels them into arterials. |
| Concrete | Sand and gravel bonded together with cement into a hard, compact substance that hardens like stone and is used in making road and bridge surfaces. |
| Interstate Highway System | The highway system authorized by the Congress in 1944 as part of the arterial system that connects the nation's principal metropolitan areas, cities, and industrial centers as directly as possible. Interstate highways |

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GAO/HRD-87-34 Work and Welfare

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RELATED GAO PRODUCTS

Cultural Resources: Results of Questionnaire on State Historic Preservation Activities (GAO/RCED-86-60FS, Dec. 10, 1985).

Cultural Resources: Results of Questionnaire on Federal Agency Historic Preservation Activities (GAO/RCED-86-45FS, Dec. 10, 1985).

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GAO/RCED-88-3 Federal Archeological Resources

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